



FROM THE CEO

Since our Spring "Drive" Newsletter, the UK has experienced record breaking temperatures and has been engulfed in political turmoil with a new Prime Minister will be appointed early September, whilst our resilient sector continues to endure a very sluggish post pandemic recovery.



Our manufacturing membership and their associated supply chains continue to be blighted by ongoing disruption, longer lead-times, geopolitical instability, inflationary pressures, and semi-conductor shortfalls that suppress not only vehicle production but also consumer demand. Escalating business costs driven predominately by disproportionate utility costs continue to undermine our competitiveness when compared with other European automotive producing nations.

We've been OUT and ABOUT

The lifting of pandemic restrictions enabled us to reinstate our informal Regional Meetings through April and May. Three extremely, informative, engaging, and constructive meetings that generated some excellent membership feedback regards our current focus and activities, and at each event sector specialist Ian Henry of AutoAnalysis provided the latest UK Car Production Outlook. Special thanks to our hosts [Advanced Manufacturing Centre Cymru \(AMRC\)](#), [Aston Martin Lagonda](#) and [Meritor](#) and a special mention to our event sponsor and member ForresterBrown



In June, we took several members from our three influential and well recognised virtual workstreams, namely Tier 1 Plant Managers, SME Community and HR Managers to the Senedd, where we met with The Minister for Economy, Vaughan Gethin MS and senior officials to discuss automotive "levelling up" in the UK, the influence that Welsh Government has over UK Government regards the "chunky levers" such as energy costs and sector specific support, and whether local sourcing content can be contractually stipulated where investments have received a significant level of grant aid.

Also in June, WAF were invited by Welsh Government to present to an automotive trade delegation from Baden Wurttemberg which included The State Minister and Head of Chancellery as well as our Minister for Economy. Both ministers were in approval of a proposed sector benchmarking activity to share best practice,

especially in view of future net zero emission mobility clusters. Watch this space!!

WAF attended the SMMT International Summit in London and benefited from meaningful networking opportunities, which included a discussion with the Shadow Secretary for BEIS Jonathan Reynolds MP on policy support for energy costs (excl. energy intensive industries), and sector specific intervention, given the disruption emanating from semi-conductor supplies. WAF were also invited that same day to attend the House of Lords for an informal reception with the Motor Industry Association, again providing an excellent networking platform.

Our prestigious and well recognized Automotive Conference and Annual Networking Dinner are fast approaching, and we encourage all members to reserve their places early given the anticipated high level of demand.



Our Welsh Government commissioned project, which is to identify competence and capability pan Wales in electrified and fuel cell net zero emission mobility supply chain solutions, is gaining momentum and we are delighted that the project team has been strengthened with the support of Jon Beasley, former Director of Technology and Projects at the Advanced Propulsion Centre (APC) and well recognised automotive sector specialist. If your organisation is already operating in or has aspirations and a vision to support sector transition, then we

would love to hear from you (Robert.oneil@welshautomotiveforum.co.uk) in order for your company profile to be showcased on an international stage via Welsh Government collateral, which is a defined project output.

We sincerely hope you get the chance to read and enjoy this summer edition of "Drive" and the WAF team look forward to meeting you all in person at Wales's leading automotive events namely [Autolink](#) (27th September 2022 – Cardiff City Football Stadium) and our Annual Networking Dinner (1st December 2022 – The Vale Hotel, Hensol).



UPCOMING EVENTS

Autolink

Tuesday 27th September 2022, Cardiff City Football Stadium.

We are delighted to welcome the Minister for Economy, Vaughan Gething MS, and have compiled an excellent symposium. Our Keynote speaker is Peter Campbell, Global Motor Industry Correspondent at the Financial Times and we will also be joined by our "resident" sector analyst Ian Henry of AutoAnalysis, Martin Wood, Director at the Office for Investment and automotive Supply Chain Specialist, and also WAF Member [Thales](#), who are kindly sponsoring our event. We have various tailored sponsorship packages to brand your organisation at Wales's leading automotive conference, so please contact Debs (Deborah.stewart@welshautomotiveforum.co.uk) for further information.

Annual Networking Dinner

After three years, our celebrated and much respected flagship event, The WAF Annual Networking Dinner returns on Thursday 1st December 2022 at the [Vale Hotel](#). Planning is well underway and we have already received an extremely high level of interest, so book early to avoid disappointment. Sponsorship packages are available including attractive combined offerings (Autolink + Networking Dinner)

Cenex Low Carbon Vehicle Event (7th-8th September Millbrook)

WAF will yet again have a presence on the excellent Welsh Government stand and will hopefully be joined by several member companies that have already submitted an expression of interest to showcase their products, competence, and capability. It is a very beneficial and informative network event that can reap huge rewards as we experienced in 2019, when we facilitated a meeting between Meritor and a new market entrant OEM that resulted 18 months later in Meritor being nominated as a supplier.

SECTOR NEWS

Manufacturing output continues to be undermined by supply chain constraints, principally driven by the on-going semi-conductor crisis. OEM's advise of significant backorders as demand cannot be fulfilled. UK Car Manufacturing is **-19.2%** lower YtD June compared with the same period last year (ca.96,000 less vehicles) and to contextualise, May and June 2022 figures are down **-46.3%** and **33.2%** respectively compared with their 2019 equivalents. Sales of new vehicles, **-11.0%** YtD (inclusive July) reflect production interruptions, with customers experiencing significantly longer lead-times and in excess of 119,000 fewer new cars sold compared

with a very weak 2021, which experienced shuttered showrooms and lockdown restrictions.

Demand for battery electric vehicles continues to be buoyant with new registrations 50% higher YtD (inclusive July) compared with the same time-period in 2021 and cars "with a plug" represent over 20% market share. However, to maintain such growth, consumers will need support and intervention to not only overcome recharging anxiety but convince consumers to support sector transition during a cost-of-living crisis.

The Commercial Vehicle Sector remains robust with greater positivity in terms of recovery. Indeed, members inform us that the sector is currently producing volumes which are significantly higher than 2019 (inclusive June).

WAF continues to engage with several OEM's in an attempt to provide supply chain support, and signpost local sourcing opportunities into our membership.

Competitiveness

The consistent message emanating from our members is that they simply want a level playing field to compete in. Electricity prices are the highest across Europe and WAF continues to lobby incessantly with both devolved and UK Governments on the major factors that influence our members' overall competitiveness.

Whilst there are several initiatives and mechanisms that support overall performance improvement and greater efficiency, we continue to encourage our members take advantage of Welsh Government subsidised programmes that include the excellent refreshed [Toyota Lean Clusters Programme](#) and the [Flexible Skills Programme](#), both of which can support your associates to retrain or upskill.

We would like to draw our members attention to the recently published report by the [Society of Motor Manufacturers and Traders](#) (SMMT).



[Full Throttle to Full Charge](#) is an excellent report that focuses on five key areas to improve overall competitiveness. Whilst there is focus on energy costs, the report highlights the importance of trade, the avoidance of barriers to entry with frictionless trade and Rules of Origin thresholds that promote local content and avoid unnecessary tariffs.

WAF member [Sector Intelligence and Competitiveness Survey](#). Your input is pivotal as we re-evaluate our supply chain in Wales and the challenges that have faced our members over the past 2.5yrs. Please download and complete the survey and return your feedback to us as soon as possible. (Deborah.stewart@welshautomotiveforum.co.uk)



Project Update from Richard Leonard, WAF Future Mobility Manager

The Electric Vehicle Supply Chain Project, funded by the Welsh Government, continues to gather momentum as more companies

sign up to take part. We have established a target list of companies to visit, and several of them have already opened their doors to us, sharing their plans for engagement with the new net zero emission vehicle supply chain opportunities. They've also shared their concerns and issues and where we were able, we've signposted them to potential solutions and opportunities. Soon we'll have sufficient material to be able to help market Wales internationally in the new automotive environment, including at trade fairs. We are also giving companies the chance to pitch their offering at this year's Autolink event. The [project has recently been publicised](#) by Business Wales in order to reach a broader spectrum of companies. If you haven't already signed up, please do get in touch (Robert.oneil@welshautomotiveforum.co.uk).

NEW MEMBERS

Kerry Logistics (UK) Ltd

Telephone: 0161 873 8777 (HQ) / 07900 218396 (Steve Davies – local contact)

Website: www.kerrylogistics.com

KERRY LOGISTICS Kerry Logistics provides a range of solutions for the automotive sector including bespoke cargo movements, to ensure smooth and effective supply chain operations across Motorsport Valley and the nation. Their experienced UK team



Meet Jon Beasley, a member of the WAF Electrification and Fuel Cell Mapping project Team

The Supply Chain project has been extremely rewarding and companies have been very generous in sharing time and showing us their businesses. It is exciting to identify what hidden gems exist within the Welsh Supply Chain, and how established members identify future marketplace opportunities as they look to take advantage of the automotive and cross sector transition to net zero emission mobility. We have visited companies large and small, and I think every visit has un-earthed an opportunity of some description, some as simple as an opportunity to link up people, others where we have discussed Collaborative R&D funding and how it could fit into their future aspirations. Sometimes just a fresh pair of eyes, can highlight capabilities and opportunities that have previously been overlooked or not seen. This is what makes this project so personally satisfying to myself and the WAF team, an opportunity to help others.


Take the opportunity to contribute: A new Innovation Strategy for Wales

The consultation for the **new Innovation Strategy for Wales** is now live and open until 21st September 2022. This cross-government Strategy sets out how the Welsh Government, working with its partners, aims to develop a vibrant innovation culture in a stronger, fairer, greener Wales. Have your say by visiting this [page](#).

If you would like to contribute your views in person, why not go along to one of the consultation events? Email InnovationStrategy@gov.wales to register your interest.

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AMRC Cymru
Telephone: 01244 735910
Website: www.amrc.co.uk

 AMRC Cymru is part of the University of Sheffield Advanced Manufacturing Research Centre and a member of the High Value Manufacturing (HVM) Catapult, a consortium of leading manufacturing and process research centres backed by Innovate UK. The state-of-the-art centre, which was fully funded with £20m from the Welsh Government, focuses on advanced manufacturing sectors including aerospace, automotive, nuclear and food in the key research areas of future propulsion, sustainability and digital manufacturing. As a cutting edge R&D facility, AMRC Cymru is driven by industry, for industry and provides an open innovation platform accessible to all manufacturers across the whole of Wales.

Charmwood Risk Management Ltd
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MEMBERS' UPDATE

MTORX  Deregallera, an advanced research and development firm based in Caerphilly, is leading a collaborative project that involves working with Cwmbran-based firm Meritor and academics at Cardiff University to design, develop and test a new low-carbon electric vehicle motor which uses fewer

“rare earth” materials, making them cheaper and minimising environmental and climate impacts. This collaborative project is supported by Ford Low Carbon Vehicle Transformation Fund.

PARETA
 Deregallera's PARETA is a technical and commercial feasibility project funded by Innovate UK, investigating a UK manufactured high efficiency, modular electric drive system for City Bus and Delivery Truck applications with Meritor and Deregallera as key partners in the consortium - Meritor, a global leader in heavy commercial vehicle drivetrain systems and Deregallera, an SME with novel electric motor and power electronics that exceed current state of the art. Existing electric drive systems for City Bus and Delivery Trucks run with many low speed, high torque applications caused through continuous stop/start events leading to poor efficiency. This in turn leads to a challenge in providing sufficient battery capacity for the required driving range without negatively impacting the passenger or freight capacity.

Cap-size
 The APC forecast a significant deficit in locally manufactured anode material over the next decade and Deregallera stand poised to exploit this opportunity by moving to manufacture their sodium-ion anode material at scale in the UK. Large scale investment in chemical plant comes with a high level of risk that this project reduces by exploring ways to expand the top-down and bottom-up parameters on production quantities, identifying the optimum size of the chemical plant and extending the existing techno-economic study out to 10,000 tonnes-per-annum production.

 We are very pleased to announce **FLS** has won 'Best Automotive Freight Services Provider' at the UK Transport Awards 2022

sponsored by **SME News** – a testimony to the quality service we deliver in this sector – many congratulations to the team. Gavin Clarke FLS Operations Director said 'We are delighted to receive this award, it's a nomination and votes award so makes it all the more special, it's a real endorsement of the quality the team deliver to all sectors on a day to day basis, I am very pleased'

FLS invests in green freight vision of lower mileage, lower cost and lower carbon

FLS have announced a new service for clients to monitor their carbon footprint for the freight transport they book. FLS books vehicles based on their proximity to the required collection point not the origin of the vehicle, while always considering the filling of the return journey. A new online carbon dashboard now analyses the total carbon used for booked journeys. It shows the carbon footprint for each journey made to each destination and is fully investigable.

AN INTERVIEW WITH...
Thales Ebbw Vale

As members of the Welsh Automotive Forum face some of the toughest challenges in recent years, a little known but immensely huge business is working behind the scenes to stop what is potentially the biggest threat of all, cybercrime.



In 2019, working alongside Blaenau Gwent Council, the Welsh Assembly and the **University of South Wales**, Thales established a new **National Digital Exploitation Centre** in Ebbw Vale, Blaenau Gwent, partly on the site of the former steelworks. The £20 million site will be used for digital and **cyber security** training and research facilities, providing lab space for SMEs and microbusinesses to test and develop digital concepts.

The National Digital Exploitation Centre is the first research and development facility of its kind in Wales, and will provide the perfect setting for SMEs and microbusinesses to test and develop their digital concepts in complete safety and security and without impacting on their daily operations.

The University will run an Advanced Cyber Institute at the Centre that will provide a base for major, multi million pound, academic research and will also operate a Digital Education Centre that will enable SMEs, schools and individuals with the skills to protect themselves online.

Around half of small businesses (48%) and six-in-ten medium-sized businesses (59%) report having been impacted by some kind of cyber breach or attack in the last 12 months. Digitalisation and the growing networking of machines and industrial systems also mean that operational technology (OT) is at an increased risk of cyber attack. Operational Technology encompasses everything from coffee machines, to large industrial robots; including ICS, SCADA and IIoT systems can be compromised unless





very securely established from the outset. Cyber-attacks on Industrial Control Systems (ICS), which help run OT, can interrupt production, damage physical assets, and even result in injury or death to employees and public. As OT now increasingly finds its way out of manufacturing and into our daily lives, Thales has turned its attention in the NDEC Wales to Transportation and Automotive. Both areas will play an increasingly important part of Welsh life in future and must be highly secure as public transport and autonomous transport changes the way we move about.



Thales Business Manager in Wales, Leanne Connor, believes the NDEC can help members of the WAF protect their businesses with leading edge technologies while updating their sometimes historic operating systems and controls and also assisting in testing their next generation of systems and products. "It's quite normal for IT systems to be linked through networks

to production systems so a part of our work is looking at transparency and energy together and the challenges they face from cyber-attacks, which can come in many ways and a seemingly innocent communication could bring a factory to a halt or let the attacker take over control of production lines," said Leanne.

"As we move towards autonomous pods for transport it's how an attack on their control system might bring about a change in an entire fleet or in the case of trains, how signalling might be compromised." Leanne stressed that it's much easier to design in counter attack systems and

controls when a programme or product is being developed than compensating afterwards and to this end Thales offers services to test concepts in isolation and complete security, the so-called "sand-box" approach. Here, Thales takes a client's product or programme and replicates an attack to test how secure it is and if it can survive an attack and then studies the effects before suggesting any modifications which may be necessary for the developers to engineer prior to production or sale.

Working with local schools it has after-school clubs who get tasked with solving problems in a fun and informative manner but which is really teaching them the basics of understanding modern computer programmes and implementing protection for them. "These are tremendously popular and we have also been asked to work with older students on BTEC courses and now offer apprenticeships each year as well as assisting students from the University of Wales get hands on experience in our labs as they progress towards Masters."

When the NDEC was established in 2019 part of its remit was to offer jobs and education for local people and Leanne is a good illustration, having spent over 20 years with Blaenau Gwent Council developing business services and was the first to be taken on and tasked with growing the business using as much local talent as possible. "We are

at the cutting edge of cyber-security and I believe Ebbw Vale using all the resources and skills we have can produce a generation of highly skilled people with world class abilities while also making Welsh businesses among the most secure for their customers," she concluded.

